**Hempton Parish Council**

Internal Audit Report

For Hempton Parish Council

Financial Year 22 / 23

Prepared by Di Dann, CiLCA , FILCA qualified

16th May 2025

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I have completed an internal audit of the accounts for xxx Council for the year ending XXXX.

My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2022.**

**I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.**

| **Internal control** | **Test** | **Observations** |
| --- | --- | --- |
| Proper bookkeeping | Is the cashbook maintained and up to date? | Yes |
| Is the cashbook arithmetically correct? | Yes |
| Is the cashbook regularly balanced? | Yes |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? | Yes |
| Date Standing Orders last reviewed | July 2019 |
| Date Financial Regulations last reviewed | July 2019 |
| Has a Responsible finance officer been appointed with specific duties? | Yes |
| Have items or services above the de minimus amount been competitively purchased? | Yes |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted? | Yes  See below |
| Has VAT on payments been identified, recorded and reclaimed? | Yes |
| Is s137 expenditure separately recorded and within statutory limits? | N/A |
| Is delegated authority detailed (LG Act 1972 s101) | Yes – SO’s  £500 |
| Risk management arrangements | Does a review of the minutes identify any unusual financial activity? | No |
| Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme? | Yes  Nov 2022 |
| Is insurance cover appropriate and adequate? | Yes |
| Has an Internal Control Officer been appointed | Yes |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | Yes |
| Has the precept been calculated from the budget and been approved? | Yes |
| Does the budget include an actual completed year? | Yes |
| Is actual expenditure against budget regularly reported to the council? | At half year point |
| Are there any significant unexplained variances from budget? | No |
| Income controls | Is income properly recorded and promptly banked? | Yes- see below |
| Does the precept recorded agree to the Council Tax authority’s notification? | Yes |
| Are security controls over cash and near-cash adequate and effective? | Jubilee Event |
| Payroll controls | Do all employees have contracts of employment with clear terms and conditions? | Yes |
| Do salaries paid agree with those approved by the council? | Yes |
| Are salaries above the National Living Wage/Minimum Wage? | Yes |
| Are other payments to employees reasonable and approved by the council? | Yes |
| Have PAYE/NIC been properly operated by the council as an employer? | Yes |
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | Yes |
| Are the assets and Investments registers up to date? When were these last reviewed? | Yes - |
| Do asset insurance valuations agree with those in the asset register? | Yes |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | At year end  See below |
| Is a bank reconciliation carried out regularly and in a timely fashion? | See below |
| Are there any unexplained balancing entries in any reconciliation? | No |
| Is the value of investments held summarised on the reconciliation? | At Year End |
| Year-end procedures | Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Yes (R & P) |
| Do accounts agree with the cash book? | Yes |
| Has a year-end bank reconciliation been undertaken? | Yes |
| Is there an audit trail from underlying financial records to the accounts? | Yes |
| Where appropriate, have debtors and creditors been properly recorded? | N/A |
| Procedural | Have points raised on the last Internal Audit report been considered by council and actioned? | Yes |
| Policy documents routinely updated? | Yes |
| Transparency: For smaller councils with turnover under £25,000 | Minutes for whole year on website? | Yes |
| Agendas for whole year on website? | Yes |
| Payments over £100 detailed on website? | Yes |
| Electors’ rights advertised on website? | Yes |
| Councillors’ responsibilities detailed on website? | Yes |
| Last financial year’s AGAR on website? | Yes |
| Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use) | Yes - Asset Register |
| Allotments only | Has a list of allotment holders with amounts paid to Council been submitted? | Yes |
| Have fees for the allotments been reviewed and agreed by Council? | Unknown |
|  |  |
| General Data Protection Regulation (compliance from 25 May 2018)  FOI Publication Scheme | Has the Council put in place a privacy policy?  Is it on the website? | Yes  Yes |
| Is there an FOI Publication Scheme?  Is it on the website?  Is it updated? | Yes  Yes  July 2019 |

**Summary of my recommendations:**

**Year End Accounts**

* Note that a Transfer of £7000 has been included in the total of receipts. A transfer should only be shown in the Bank Reconciliation. This does not change the figures in AGAR.
* Noted that the Play Area Account was closed in October 2022 with a transfer of £1727.64 being made to the Business Account.
* A Cash Receipt following the Jubilee Event was received on 13th September. There was no breakdown for this money.
* There were 5 uncashed payments made during 21/22 total £362.27. These have been carried over but consideration should be given to writing them off at the start of 23/24.

**Internal Control**

Meetings currently have an item for “Financial Matters” – receipts, payments ad bank reconciliation. Receipts as well as payments should be recorded in the minutes. A copy of the Bank Reconciled to the Cash Book should be included in the minutes. R and P’s should be reported to every meeting. Bank Reconciliations should be included in the minutes as detailed in Financial Regulations. Fin Reg 1.3 – refer and amend